

MORE LIGHT SHED ON DEFALCATION

Statement From President Shackelford of the Bank of Tarboro

FOOLED THE DIRECTORS

Not Until Last Tuesday Did the President and Directors and Stockholders Have Their Suspicions Aroused—The Finesse Shown in the Keeping of Two Sets of Books Made Appearances Look Good to the Officers, Up to Very Moment When Bottom Was About to Drop Out—Additional Disclosures of Importance.

(By R. B. EVANS.)

Tarboro, June 11.—Undoubtedly there's material enough in the historic town of Tarboro for the making of a crisp, interesting, sensational story—if the citizens would tell what they know about the wrecking of the Bank of Tarboro which led to the tragic death of the late Luther Hart, the once popular cashier of that institution, the arrest of assistant cashier, Braxton Hussey, the saddening of the homes of these two men, the confidence lost in mankind generally by the lax methods which caused all of these heart pangs. Yes, there's ample material, but as nearly every one approached by this correspondent this morning expressed themselves by saying: "So far as is possible to know at this time *The News and Observer* has already covered the ground." That is as much as any individual would wish to be quoted as saying.

Bank Examiner Doughton and President Shackelford both say: "It is absolutely impossible at this time, to state with certainty as to the amount of the shortage—that nothing definite will be known for sometime to come."

President Shackelford Interviewed.
On entering the office of the president of the defunct bank we found him looking haggard and worn. When asked if he would make a statement his reply was: "I don't wish to make a statement, for to do so intelligently at this time would be an impossibility, but if you wish to ask any questions, I will endeavor to the best of my ability to answer truthfully anything you may ask."

I then propounded the following:
Question: "When did you first suspect that the affairs of the bank were not just right?"

Answer: "Not until last Tuesday, when there was a meeting of the directors and stockholders. The statement shown was very flattering, and from appearances showed that the institution was in a flourishing condition; and the directors and stockholders thought as much. One of the items, to my mind, did not look like it was 'on the square' and my suspicions were aroused that all was not well, and I called Mr. Doughton's attention to the matter, and then the examiner was not long in finding other doctored entries. I tackled Mr. Hart and plied questions to him, all of which for the time being he evaded, answering. Again I asked him to tell me about the false entries, and again he got around replying directly—saying: 'Wait until I return from dinner, and then I will tell you all I know.' I live next door to the home of Mr. Hart, and after dinner I returned to my office to await the coming of deceased. I had not been down town but a few minutes when a gentleman came rushing into my office, in an excited manner, exclaiming 'Have you heard that Luther Hart committed suicide a few moments ago?' Of course I was dumb-founded—shocked as never before in my life.

"I then approached the assistant cashier, Mr. Braxton Hussey, and implored him to tell me all he knew about the affair. He broke down and said: 'It's all up with me; I'll tell the whole truth, which I have been trying for the past two years to muster up courage to tell; I received \$12,500.'

"Later he said that he had gotten more of the money and when I asked him what he had done with it his reply was: 'I lost \$35,000 dealing in futures through the bucket-shop of Hedges & Co., Washington, D. C. I don't believe the last statement to be true.'

Question: "Do you believe that Mr. Thomas Hadley Sanders, the bank runner, was aware of the peculations going on around him?"

Answer: "I do not; I believe him to be an upright, honorable young gen-



leman, who was always attentive to his duties—always working for the interest of the bank. Thomas is all right—as honest as the days are long."

Question: "Will the bank resume business?"

Answer: "No."

Question: "Did either of the parties, apparently, appear to be living beyond their means?"

Answer: "Mr. Hart was a good liver, but then he could afford to do so as he received a good salary, and besides, he had handsome incomes from his farms. Mr. Hussey appeared to be living within his salary and made no outward showing of high living."

Question: "Were either of the gentlemen speculators?"

Answer: "Not to the knowledge of the bank officials."

Question: "How will the stockholders and depositors fare?"

Answer: "Can't answer that question intelligently until the affairs of the bank are gone over by the examiner."

Question: "Why is it that the examiner didn't get onto his job sooner?"

Answer: "When too late we found that the cashier kept two ledgers and when the examiners would come around Hart would produce the 'doctored' one, with the transfers made to throw off suspicion. For six years or more Hart pulled the wool over the eyes of the bank officials. Of course I would have staked my life on the bank being safe and sound. Only a short while before the bottom dropped out I made a deposit myself."

Question: "What is the amount of Mr. Hart's assets, in his own name?"

Answer: "He has a farm that would bring \$7,500; life insurance, \$8,000 in favor of his wife; \$11,000 to estate and \$15,000 accident; his real estate outside of incumbrance would sell for \$5,000."

It is the impression in Tarboro that he had planned to be killed by his auto.

Hussey Still in Jail.
Up to 12 o'clock today (Saturday) Braxton Hussey was still in the custody of Sheriff R. B. Hyatt, unable to furnish the bond fixed at \$15,000.

It was the intention of the writer to go to the jail and interview Mr. Hussey, and was given permission to do so by Sheriff Hyatt, but when in readiness to accompany the sheriff was informed by him that the defendant's counsel objected to any one talking to him. H. A. Gilliam, Esq., has been retained to pull the miserable man out of his deep trouble.

Heard on the Streets.
On the streets, around hotel lobbies and at the depot the one topic is the suicide of Luther Hart and the wrecking of the Bank of Tarboro.

Both of the misguided men seem to have the full sympathy of the whole community, and not one man was heard to say that the money was taken criminally; that it was the intention of both to replace it—it being the opinion of many that they were "tapping the wires."

One depositor was heard to say: "If any man had come to me the day before and said that the bank was shaky, or that Hart or Hussey were anything but honest, upright gentlemen, I would have put down such a one as an escaped lunatic."

The general impression of all before the crash came that the Bank of Tarboro was one among the strongest institutions of the kind in the county.

The Shortage Grows.
The Tarboro Southerner of Friday last says:

"The bank examiners are giving out nothing to the public but as their examination proceeds the defalcation takes on alarming proportions. And until the last passbook has been examined and the securities appraised the extent of the stealings cannot be told."

"Yesterday the Southerner on the assumption that Cashier Hart could not take \$50,000 without his assistant Hussey knowing of more than half of the amount and he only knew of \$25,000, he said and we believed him, figured that the bank might even have its original capital intact and that the depositors were assuredly safe, but not so today. The bank people find false bookkeeping to an alarming extent. The overdrafts aggregate \$23,000. This was less than street prediction. How insufficient are the securities they do not yet know, but some they do know to be verging on the worthless."

"But the serious feature is the fail-

ure to credit deposits. Just one instance, a gentleman of this town made a time deposit of \$40,000, nothing in the books indicated any such transaction. Numbers of others in taking their pass books to be examined find that they have not been credited. Not only this debits have been made against credits to an extent no one will know till the examiners complete their work."

"To swell the assets of the bank, \$9,500 of the Tarboro Building and Loan securities were transferred to the bank, but these were returned to the association by Examiner Doughton."

"Assistant Cashier Hussey has as yet been unable to furnish bail. His actual shortage it now appears was \$11,900, the \$600 making the \$12,500 was interest that he had added for the last two years."

"Every dollar that the defalcation goes over \$90,000 the stockholders will lose, unless the directors are held personally responsible."

The general impression is that had not Hussey made an open breast statement it would be a bad matter to convict him, from the fact that all of the false entries were made by deceased Hart.

STATE EXAMINER SAYS SHORT-AGE WILL EXCEED \$100,000.

Cashier Had Reported Bank in Good Shape, But Examination Proved Otherwise—Take a Week to Find Total Shortage.

When seen yesterday afternoon, State Bank Examiner J. Kemp Doughton, who is in the city to spend Sunday, stated that he was not yet prepared to give a full and definite statement for publication concerning the affairs of the Bank of Tarboro, the cashier of which institution committed suicide Wednesday afternoon, after an examination of the condition of the bank had been started by Mr. Doughton. He stated, however, that the shortage would probably exceed \$100,000.

Mr. Doughton said he arrived in Tarboro early Wednesday morning, and about 9:30 o'clock he went down to the bank to examine into its condition. The cashier, Mr. Luther V. Hart, had on the previous day met with the board of directors and had made a report to them which seemed satisfactory and in which he reported the affairs of the bank to be in fine shape.

After working for an hour or so, said Mr. Doughton, he began to discover shortages in the accounts of the cashier. Although he did not come out and accuse Mr. Hart, he said enough to him to let him know that he was finding things to be in bad shape. Mr. Hart, however, made no statement concerning his guilt, and at dinner time he went to his home, but never returned to the bank to face the State examiner, as he ended his life while at home.

In the meantime, said Mr. Doughton, he had telegraphed for Assistant State Bank Examiner C. V. Brown, who arrived in Tarboro about the time Mr. Hart shot himself. The assistant cashier, Mr. E. B. Hussey, was taken into custody by Mr. Doughton, and he admitted that he had taken between \$12,000 and \$13,000, stating that he had been speculating with the money. Mr. Doughton held the assistant cashier until the arrival of the solicitor, when his bond was placed at \$15,000, but he was unable to put up this amount.

Mr. Doughton said it would take a week to complete a final examination and ascertain the total amount of the shortage, which he thought would exceed \$100,000.

Mr. Doughton said that this was the first defalcation of any consequence in a State bank in ten years. Asked concerning the reports that the bank's closing would cause other business concerns in the town of Tarboro to go under, Mr. Doughton stated that such was not at all probable.

MILLION DOLLAR FIRE AT ST. LOUIS

Starting in Lumber Mill Section
It Burned Along Four Blocks

(By Associated Press.)
St. Louis, Mo., June 15.—Fire in the lumber mill quarter of St. Louis tonight destroyed \$1,000,000 worth of property, including five factories that covered four blocks, and drove hundreds of persons from their homes in a panic.

The vacated houses and tenement were not burned, however, and the tenants soon returned. The fire burned the Huttig sash and door factory and then swept along the terminal railroad yards for four blocks, destroying the Fathmen and Miller planing mill, the Missouri Stair Company plant, the Koken Iron Works, and the Mound City Box Company.

Thieves Enter Store.

Thieves entered the store of W. A. Myatt Friday night and stole several small articles, gaining entrance through a window. A burglary was reported to have been committed somewhere on Person street late last night, but the particulars could not be learned.

FAVORABLE ACTION ON CAMPAIGN PUBLICITY

BILL GETS AFFIRMATIVE REPORT FROM CONGRESSIONAL COMMITTEE—ITS FEATURES.

(By the Associated Press.)

Washington, D. C., June 11.—The campaign publicity bill with the amendments recommended by the Kenyon sub-committee was acted upon favorably today by the Senate committee on privileges and elections. The bill has already passed the House. The amendments make the proposed law cover primaries as well as regular elections and apply to Senators as well as Representatives. The publicity requirement extends to individual candidates and is not confined to committees in the House. Statements of expenses are required ten days before primaries, and, in the case of Senators, five days before the meetings of Legislatures. Further statements are required fifteen days after primaries or elections whether by popular vote or by a Legislature. The prohibition against corrupt practices is made to include all pledges of whatever character. The anti-pledge provision is regarded as an especial advance because it is contended that just as evil effects result from promises on the part of candidates as from the payment of money. An effort to limit the amount that candidates might be permitted to expend failed.

WHO IS THE REAL MAYOR?

Quo Warranto Proceedings Authorized to Determine This

Contest at Black Mountain—Mr. L. W. Morgan Says He is the Real Mayor and Mr. W. C. Hall Claims That He is.

The Attorney General yesterday granted a petition for quo warranto proceedings in the Buncombe County Superior Court to determine whether Mr. L. W. Morgan or Mr. W. C. Hall was duly elected mayor of the town of Black Mountain in the municipal election held in May. Black Mountain is a progressive summer resort town in Buncombe county but the citizens hardly feel that they need two mayors; at least they now have two mayors, duly sworn in, according to the petition of Mr. Morgan, presented yesterday to the Attorney General. Mr. Hall claims that he was duly elected and duly qualified. Mr. Morgan claims that he alone was duly elected and duly qualified and that Mr. Hall is in charge of an office to which he is not entitled. Mr. Morgan is represented in this litigation by Charles A. Webb, of Asheville.

MAYODAN MILLS BURNED

ENTAILING LOSS OF \$250,000 IN ROCKINGHAM COUNTY.

(By the Associated Press.)
Charlotte, N. C., June 15.—The Avalon mills at Mayodan, Rockingham county, were totally destroyed by fire of unknown origin early tonight, entailing a loss of \$250,000. The plant was of 25,000 spindles capacity, employing 400 people.

MORE STORES, BALL ROOM AND ASSEMBLY ROOM

Decided to Enlarge Yarborough House Further Than It Was Originally Intended.

Mr. W. B. Grimes stated yesterday that it had been decided to build three stores in the rear of the Yarborough House, to have a ball room and an assembly room on the second and third floors in the rear. There will also be constructed additional sleeping rooms in addition to those originally planned.

BIG NATIONAL TEMPERANCE RALLY IS SCHEDULED

To be Held in Washington, When People From All Over the Union Will Ask for Federal Legislation Regarding Liquor Traffic.

Rev. R. L. Davis, of Wilson, was in the city yesterday, going to High Point and Greensboro. He stated that the temperance forces all over the United States were arranging to hold a national rally in Washington, December 12-14, when congress will be asked to give legislation allowing the States to solve the liquor problem for themselves, prohibiting the shipment of liquor into dry territory.

THRESHING PROBLEM? THE KOGER MACHINE SOLVES THAT.

Threshes peas, soy and velvet beans, from the mown ones, and don't break, over 2 per cent. Also wheat, oats, rice, millet, sorghum, peanuts, etc. Two sized machines. Literature free.

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